Financial crisis in Bihar

556. SHRIMATI SAROJ DUBEY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a number of State Governments particularly Bihar are facing financial crisis after its bifurcation;

(b) if so, the details thereof;

(c) whether any proposal has been received from State Governments particularly Bihar to bail out from the present financial crisis;

(d) if so, the details thereof and the response of the Central Government in this regard; and

(e) the amount released by Central Government to Bihar announced as special package so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) and (b) Some State Governments including Bihar face cash imbalances. Mismatch in receipts and committee expenditure, despite higher central transfers to the existing state of Bihar as compared to the erstwhile state of Bihar, has resulted in the cash imbalances.

(c) and (d) Some State Governments including Bihar periodically request Government of India to bail them out of their liquidity crisis. Government of India has been releasing, where feasible the monthly entitlement of the state, of share in taxes, normal Central assistance etc. in advance to enable the state to overcome the liquidity crisis, besides releasing Ways and Means advance, where necessary.

(e) On date, no special package exists for Bihar.

Contingent liabilities of States

557. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have directed the State Governments to put a cap on issue of guarantees as the ballooning level of contingent liabilities and threatening to throw their finance in further disarray;

(b) if so, whether according to the Ministry of Finance, contingent liabilities of States stand at approximately Rs. 1,19,000 crore;

(c) whether States have considered the suggestions made by Government; and

(d) if so, the extent to which they have followed these directions?